United Nations A/61/80–E/2006/72

General Assembly
Economic and Social Council

Distr.: General
12 May 2006

Original: English

General Assembly
Sixty-first session
Item 67 (d) of the preliminary list*
Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance

Economic and Social Council
Substantive session of 2006
Geneva, 3-28 July 2006
Item 9 of the provisional agenda**
Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations

Assistance to the Palestinian people

Report of the Secretary-General

Summary

The year under review was marked by the implementation of Israel's disengagement from the Gaza Strip and parts of the northern West Bank, the attainment of an Agreement on Movement and Access which was only partly implemented, ongoing violence claiming innocent lives on both sides, the continuation of a tight closure policy by the Israeli authorities, the incapacitation of Israeli Prime Minister Ariel Sharon, and legislative elections both in Israel and in the Occupied Palestinian Territory. The Israeli elections led to the formation of a coalition Government, under the leadership of Acting Prime Minister Ehud Olmert of the Kadima party. The Palestinian elections were won by the Hamas "Change and Reform" list of candidates.

Following the Hamas victory, many donors undertook a review of their assistance policy to the Palestinian Authority, in the context of the principles spelled out by the Middle East Quartet in its statement of 30 January 2006. The Government of Israel also decided to withhold the payment of the taxes and duties collected on behalf of the Palestinian Authority. The latter is consequently facing an acute fiscal crisis, which risks further exacerbating an already precarious economic and social situation in the Occupied Palestinian Territory. Setting aside their previous focus on

* A/61/50 and Corr.1.
** E/2006/100.

06-34788 (E) 050606

a transition towards medium- and longer-term development planning. United Nations agencies and programmes emphasized emergency assistance as their main priority.

The present report contains a description of efforts made by United Nations agencies, in cooperation with Palestinian and donor counterparts, to support the Palestinian civilian population and institutions.

I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 60/126 of 15 December 2005, in which the Assembly requested the Secretary-General to submit to it at its sixty-first session, through the Economic and Social Council, a report on the implementation of the resolution. The reporting period was from May 2005 to April 2006.

2. Information on the living and socio-economic conditions of the Palestinian people is provided in reports prepared by other United Nations agencies, including, (a) the report of the Economic and Social Commission for Western Asia (ESCWA) on the economic and social repercussions of the Israeli occupation on the living conditions of the Palestinian people in the Occupied Palestinian Territory, including Jerusalem, and of the Arab population in the occupied Syrian Golan (A/60/65-E/2005/13); (b) the annual report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) (A/60/13); and (c) the report of the United Nations Office for the Coordination of Humanitarian Affairs and of UNRWA entitled "The Humanitarian Impact of the West Bank Barrier on the Palestinian Community, Special Focus on crossing the Barrier: Palestinian Access to Agricultural Land".

3. Throughout the year, the United Nations Special Coordinator for the Middle East Peace Process and Personal Representative of the Secretary-General to the Palestine Liberation Organization and the Palestinian Authority continued his efforts to support the peace process and to ensure effective coordination between the Palestinian Authority, the United Nations, the international community and the Government of Israel, as well as to document the economic and social conditions in the Occupied Palestinian Territory.

4. The present report provides an overview of the work of the United Nations agencies, in cooperation with Palestinian and donor counterparts, to assist the Palestinian people and institutions, as described in General Assembly resolution 60/126. Also included are observations of the political climate and related challenges as the international community responds to the crisis and works to end the cycle of violence, alleviate the suffering of the Palestinian people, and move forward towards a resumption of negotiations for a peaceful settlement.

II. Overview of the current situation

Political context

5. The beginning of the reporting period was dominated by preparations for Israeli disengagement from the Gaza Strip. In May 2005, the Middle East Quartet appointed a Special Envoy for Disengagement to coordinate with the parties and the international community. In June, a United States Security Coordinator was appointed to promote Palestinian security reform, and to ensure coordination between the parties during the withdrawal. In September 2005, Israel concluded its withdrawal of settlers and military personnel from the Gaza Strip and parts of the northern West Bank. The Secretary-General praised the determination and political courage shown in that regard by Israeli Prime Minister Ariel Sharon. He also congratulated Palestinian President Mahmoud Abbas for his role in ensuring a peaceful and coordinated withdrawal.

6. On 25 January 2006, the Hamas list of candidates for "Change and Reform" won a majority victory in the Palestinian legislative elections. In its statement on 30 January, the Quartet congratulated the Palestinian people on an electoral process that was free, fair and secure, but stressed that a new Palestinian government should be committed to non-violence, recognition of Israel's right to exist, and acceptance of previous agreements and obligations, including the road map. The Security Council subsequently took the same position.[1] Citing a lack of movement by the new Palestinian Authority towards the Quartet's three principles, many donors undertook to review their assistance programmes and to examine alternative channels of funding and the United States and the European Union announced a freeze on their assistance to the Palestinian Authority, while maintaining direct assistance to the Palestinian people.

7. Following the incapacitation of Israeli Prime Minister Sharon on 4 January 2006, Deputy Prime Minister Ehud Olmert temporarily assumed the leadership of the Government, and led Mr. Sharon's new Kadima party into national elections on 28 March. Kadima won 29 seats in the Knesset, and Mr. Olmert was tasked with forming a new Government. The international community continued to monitor developments surrounding Kadima's plan, announced during the electoral campaign, to withdraw further from areas of the West Bank and to define permanent borders over the next four years.

Humanitarian and socio-economic context

8. According to the World Bank, real gross domestic product (GDP) grew for the third consecutive year, by an estimated 6.3 per cent in 2005.[2] GDP per capita remained 33 per cent lower than in 1999, however, indicating pressures of ongoing demographic growth.[2] A climate of economic uncertainty and social hardship continued throughout the year, worsened by recurring violence, ongoing construction of the Barrier, restrictions on movement, land confiscation, house demolitions, arrests and detentions by the Israeli authorities and intensification, from August onwards, of the fiscal crisis. With the election of Hamas, prospects for continued international financial support for the Palestinian Authority lessened, leading to a risk of contraction in the Palestinian economy.

9. An estimated 48 per cent of Palestinians were living below the poverty line at the end of 2005. Unemployment levels reached 23.4 per cent, according to the International Labour Organization (ILO). Food insecurity continued to affect some 37 per cent of the population,[3] and an increase in stunting levels among children, particularly in rural and refugee families, was detected, according to the United Nations Office for the Coordination of Humanitarian Affairs. Seventy-six per cent of Palestinians throughout the Occupied Palestinian Territory stated their need for assistance.[4]

10. Important challenges remained after disengagement. While internal closures within Gaza were lifted, external closures remained in place and under Israeli control. An Agreement on Movement and Access was signed on 15 November 2005. It included a provision on the opening of the Rafah border crossing between Egypt and Gaza, implemented 26 December 2005, with technical assistance from the European Union. Since then, the Rafah crossing point has remained operational, with a daily average of 1,315 travellers using the crossing as of the end of March.[5] Other aspects of the Agreement, however, are yet to be implemented.

11. In 2005, the Erez crossing was closed for 54 per cent of the year, or 198 days, and for 75 per cent of the year, if weekend days are included. The Erez industrial zone ceased to operate in September. Previously, the average number of daily workers and traders entering the estate had been 295 and 131, respectively, a decline of 90 per cent compared to pre-intifada figures.

12. Imports from Israel through the main commercial terminal rose by 5 per cent, though exports declined by 30 per cent in 2005 compared with 2004. The Karni crossing was closed 18 per cent of the year in 2005. The sustained closure of the Karni commercial crossing, which occurred for 47 days between 1 January and 31 March 2006, led to an acute shortage of wheat flour stocks, resulting in bread shortages in mid-March. Since 21 March, the Karni crossing has been used for imports, although in a lesser capacity.

13. Exports from Gaza via the Karni crossing failed to meet the target of 150 trucks per day as set out in the Agreement on Access and Movement. The Palestine Economic Development Company, which manages the greenhouses in the former settlement areas, reported total export losses of more than US$ 8.5 million owing to the closures at Karni. More than 600 tons of vegetables were destroyed or donated. Total export losses for both agricultural and non-perishable items were estimated at more than $23 million for the first three months of 2006. As of 27 March, the average monthly number of truckloads in 2006 for imported goods was 2,465, well below the monthly average of 4,561 truckloads for 2005.

14. The Agreement on Access and Movement contained a provision on the easing of internal closures within the West Bank. During 2005 the United Nations Office for the Coordination of Humanitarian Affairs, with the support of the Quartet Special Envoy for Disengagement, worked closely with Israeli military officials to determine methods for reducing the number of obstacles to internal movement within the West Bank. As a result of those efforts, the number of obstacles fell from 605 to 396 between May and November 2005. The number of obstacles rose again towards the end of 2005, however, in the wake of two suicide bombings in the Israeli coastal towns of Netanya and Hadera. The number of obstacles imposed on the West Bank reached some 505 by the end of March 2006. Other aspects of the Agreement, including the establishment of a land link between Gaza and the West Bank and the opening of air and sea outlets in Gaza, were not implemented.

Barrier

15. On 9 July 2004, the International Court of Justice rendered an advisory opinion[6] stating that the construction of the Barrier "constitutes breaches by Israel of several of its obligations under the applicable international humanitarian law and human rights instruments". On 20 July 2004, the General Assembly adopted resolution ES-10/15, in which the Assembly acknowledged the Court's advisory opinion and asked that Israel comply with its legal obligations. The Assembly also requested the Secretary-General to establish a register of Barrier-related damages.

16. Israel continued the construction of the Barrier. By mid-January 2006, approximately 299 km (44.6 per cent) was completed and a further 124 km (18.5 per cent) was under construction. Some 247 km remains projected. Of the constructed Barrier, 38 km was made up of 9-metre-high concrete slabs and the remainder consisted of a combination of ditches, trenches, roads, razor wire, and electric fences. If all of the Ma'ale Adumim and Ari'el/Emmanuel sections marked as

"subject to the completion of further inter-ministerial examination" are included, then approximately 57,050 hectares or about 10.1 per cent of land in the West Bank and East Jerusalem will lie between the Barrier and the Green Line.

17. The reporting period saw major steps towards the completion of the Barrier around Jerusalem, severely disrupting the movement of Palestinians between the West Bank and East Jerusalem which, as a key commercial hub, accounts for about 30 per cent of the Palestinian economy. Approximately one quarter of East Jerusalem residents will live to the east of the planned Barrier and will need to cross it to access services inside Jerusalem.

III. United Nations response

A. Human and social development

Education

18. The UNRWA Education Programme was its largest yet in terms of budgetary and human resources. For the approximately 254,175 pupils enrolled in 273 UNRWA elementary and preparatory schools, education is free of charge. UNRWA also provided technical, paramedical and commercial training at four vocational training centres for refugee youth. The United Nations Children's Fund (UNICEF) achieved progress in improving teaching and learning processes in the classroom as well as increased participation in extra-curricular activities, and quality learning through the use of remedial education. UNICEF and the United Nations Educational, Scientific and Cultural Organization (UNESCO) began work on a joint programme on girls' education.

19. UNESCO launched a $15.1 million project supporting an equitable and efficient funding mechanism for Palestinian higher education aimed at providing scholarships to some 20,000 Palestinian students and direct grants to universities. Several new capacity-building activities for non-formal education and in line with the United Nations Literacy Decade were implemented focusing on vulnerable groups, such as women, children with special needs and illiterate adults and with emphasis on early childhood care and education for preschool educational planning. Within the framework of the Education for All initiative, UNESCO continued to provide advice to the Ministry of Education and Higher Education towards the finalization of its new five-year development plan. A feasibility study on the production of textbooks and curricula was also completed. Technical assistance towards the development of a national teacher education strategy as well as in the field of technical and vocational education and training was provided, resulting into the strategic review of the Implementation Plan of the technical and vocational education and training National Strategy.

20. The United Nations Development Programme (UNDP) contributed to the Education for All initiative through the construction and rehabilitation of 26 schools, provision of computers and educational materials for 120 schools, and teacher training. It developed the Palestinian Education Initiative with the Ministry of Education and Higher Education and the World Economic Forum, and provided training to teachers to improve the current quality of education. The United Nations Development Fund for Women (UNIFEM) supported a pilot initiative in Palestinian

schools to raise awareness of the issues of sexual assault and rape and developed a sex education curriculum to be incorporated into schools. The Office of the United Nations High Commissioner for Human Rights (OHCHR) concluded an agreement with the Ministry of Education and Higher Education towards implementing the first phase of the World Programme for Human Rights Education. The United Nations Population Fund (UNFPA) successfully integrated reproductive and sex education into the home economics (for girls) and environmental education (for boys) curriculum for grades 9 and 10.

Health

21. During the reporting period, UNRWA continued to operate 54 facilities providing comprehensive primary health care at a cost of $22 million, and to implement its Environmental Health Programme to reduce morbidity and the risks of disease outbreak within refugee camps. The World Health Organization (WHO) invested a total of $2.5 million in technical assistance to the Ministry of Health in key health areas such as mental health, nutrition, food safety and communicable diseases. WHO continued to lead the coordination and information-sharing system and facilitated effective communication between Palestinian and Israeli health professionals and institutions. With development investments of approximately $1.1 million, UNFPA focused on improving the accessibility of 41 primary health-care facilities offering reproductive health services, and 11 comprehensive care facilities in the most populated and underprivileged areas.

22. UNICEF focused on achieving the Millennium Development Goals, in particular the goal of reducing child mortality. UNICEF programming included capacity-building of health-care providers, and providing all the vaccines and vaccine-related supplies for immunization services at the 413 clinics run by the Palestinian Authority and 53 centres administered by UNRWA. In addition, UNICEF provided essential drugs and facilitated the upgrading of cold chain equipment required for immunization. The United Nations Office on Drugs and Crime continued to focus on the prevention of drug abuse in the Occupied Palestinian Territory. Experts from Gaza and the West Bank attended a workshop sponsored by the Office on Drugs and Crime and UNAIDS, on the prevention of HIV/AIDS among injecting drug users. UNIFEM initiated a national study on gender and HIV/AIDS as part of a larger regional initiative to identify and develop advocacy and communication strategies. UNIFEM also developed a code of ethics regarding domestic violence to be adopted by health-care workers.

23. In 2006, the region was struck by an outbreak of avian flu. Several agencies cooperated to assist the Palestinian Authority in responding to the crisis and raising public awareness, including the Food and Agricultural Organization of the United Nations (FAO), WHO, UNICEF, UNFPA, UNRWA and the World Bank. WHO trained key lab technicians and provided reagents. UNICEF trained primary and secondary teachers in all districts and health managers in 15 districts. The regional dimension of the crisis also meant close collaboration between the Palestinian and Israeli Health and Agriculture ministries.

Multisector development support

24. The World Bank balanced ongoing emergency efforts with a continued focus on a medium-term development agenda. It monitored and analysed emerging socio-economic developments and donor interventions and advised the Palestinian Authority, the United Nations and the donor community on economic development priorities and strategies. The Bank's ongoing portfolio consisted of 12 projects valued at $154 million. Under its regular programme, UNDP provided some $5.8 million in infrastructure support across a wide range of social sectors. The overall ongoing portfolio of UNDP consisted of several programmes valued at $110 million with disbursements of over $61 million during the reporting period. UNDP provided technical advice on the preparation of the Palestinian Medium-Term Development Plan. ESCWA also supported the preparation of the Plan, by assisting the Ministry of Planning in bringing the various parties to achieve a national consensus on that vision.[7]

25. The United Nations Human Settlements Programme (UN-Habitat) allocated some $5 million to improve the human settlements and housing conditions of the Palestinian people. UNRWA began a process to examine how to better address deteriorating living conditions of the 1.6 million refugees living in 27 camps. The Agency sought to situate its shelter and re-housing efforts within a broader approach to camp development.

Targeted social assistance

26. Through its Special Hardship Case Programme, UNRWA distributed food and cash subsidy packages on a quarterly basis valued at $83 per person during the reporting period. In addition, UNRWA provided hundreds of refugees with apprenticeships and vocational or teacher training opportunities. The World Food Programme (WFP) and FAO identified vulnerable non-refugee beneficiaries for targeted support in food-insecure areas.

27. UNICEF-targeted assistance activities covered the areas most affected by closures, demolitions, military incursions and the Barrier. Those activities included child protection, health and nutrition, education and adolescent development and participation. The annual ILO fact-finding mission took place during March and April of 2006 in order to better understand the prevailing socio-economic situation and its impact on workers in the Occupied Palestinian Territory. The results of the mission are to be published during the International Labour Conference in June 2006.

Human rights and women

28. During the reporting period, OHCHR continued its technical assistance programme to support the development of a modern system of governance based on the rule of law, separation of powers and administration of justice, in accordance with international human rights standards, through capacity-building workshops and briefings with visiting independent experts. The Office also worked in partnership with non-governmental organizations and the Palestinian Independent Commission for Citizens' Rights (the national human rights institution) to promote human rights through the media, seminars and other joint activities. OHCHR initiated the formation of a United Nations Inter-Agency Human Rights Working Group to facilitate human rights mainstreaming across the work of all agencies. Training

workshops were carried with the Ministry for Women's Affairs. WHO worked in partnership with Palestinian and Israeli non-governmental organizations to advocate for the right to health and to access health services within the Occupied Palestinian Territory.

29. UNIFEM expanded its Sabaya programme, aimed at increasing the participation of Palestinian women in social, economic and political life. Originally targeting only the West Bank, the programme now also covers the Gaza Strip. A total of $900,000 will be invested in 18 women's centres through a variety of initiatives related to education, health, economic security, leadership and empowerment. In addition, UNIFEM supported civil society initiatives to highlight honour crimes against women by advocating for changes in public attitudes and calling for changes to the penal code. The agency supported the Ministry of Women's Affairs in the development of a Palestinian Women's Bill of Rights, and supported dialogue between women's organizations and the Palestinian Authority. UNIFEM initiated a project to bring psychosocial and other counselling services providers to women's centres in rural communities. The overall investment of UNIFEM in women's rights activities was $80,000.

30. The capacity-building initiatives of UNESCO included programming implemented in cooperation with the Ministry of Women's Affairs in the areas of girls' vocational counselling, academic assistance, and parental awareness of the importance of girls' education. The agency also supported the development of the Palestinian Women's Research and Documentation Centre, inaugurated in 2006, which conducted studies on women and poverty, the basic education system and the dimensions of women's empowerment. A branch of the centre will be established in Gaza in 2006. During the reporting period, UNFPA shifted some activities to incorporate humanitarian components such as emergency obstetric care, psychosocial counselling for young people and women, and community support groups working for women in isolated rural communities. UNRWA supported 46 community-based organizations, which encouraged women to play a more public role in society, and promoted enhanced management, finance and administration skills among refugee women. UNESCO worked to eliminate gender disparities in the education system by initiating a capacity-building programme with the Ministry of Education and Higher Education, UNIFEM and the Ministry of Women's Affairs.

Safety and well-being of children

31. The rights of Palestinian children to education, health, nutrition and play continued to be challenged. By July 2005, about 10 per cent of children under age 5 were stunted. The prevalence of violence in homes, schools and neighbourhoods remained an issue of particular concern. Restrictions on movement also continued to make access to health facilities, schools, and extra-curricular activities difficult. School enrolment data revealed a 2-per cent decline in enrolment for both girls and boys during the reporting period. Some 3.1 per cent of Palestinian children worked, with a third of those working instead of attending school.

32. During the reporting period more than 25 Palestinian children were killed and many more injured by live fire, heavy artillery, tank shells, shrapnel and missiles. In 2004 UNRWA decided to enhance the technical capacity of its Community Mental Health Programme, and recruited a specialist in protection to identify protection gaps. Over 2,700 refugee children and youth in the Occupied Palestinian Territory

received psychological counselling and support through UNRWA, and UNDP supported programmes aimed at increasing the resilience of children and youth who suffer from post-traumatic stress disorder and other forms of trauma. UNICEF and its non-governmental partners ran 12 psychosocial emergency teams to address the conflict-related distress of children and their caregivers. In total, 50,000 children attended UNICEF debriefing sessions in 2005 and 25,000 caregivers were trained.

33. In response to high levels of violence against children and women in homes, schools and communities, UNICEF and its governmental and non-governmental partners have implemented a comprehensive programme since 2004, including monitoring, law and policy development, awareness-raising, capacity-building and the setting up of response systems. UNICEF also supported the development of a draft juvenile justice law and a Palestinian child rights law. In addition, UNICEF provided support to the Ministry of Detainees Affairs in building a comprehensive database on Palestinian children held in Israeli detention. UNICEF and the Ministry of Planning also began establishing a national child protection monitoring system.

Youth

34. Addressing the high percentage of unemployment among young people, UNDP continued to focus on building up the capacity of the youth network in the Occupied Palestinian Territory. UNRWA continued to assist refugee youth ages 15 to 24 through education, job creation, access to microcredit, and extra-curricular activities. In addition to the formalized education offered by UNRWA, more than 11,600 refugee children and youth took advantage of various training or tutoring and skills-building activities in computers, languages, leadership training, sports, theatre, music and summer and winter camps.

Millennium Development Goals

35. During the reporting period, UNDP worked to promote the Millennium Development Goals agenda among United Nations agencies, Palestinian groups and international partners. The 2005 MDG Progress Report was prepared under the umbrella of the Palestinian National MDG Steering Committee and coordinated by UNDP. In addition, UNDP supported the efforts of the Ministry of Planning to align Palestinian medium-term development priorities with the Millennium Development Goals.

Environment

36. During the period under review, UNDP worked to create a favourable environment for human development by addressing the importance of solid waste and medical waste management, as well as through capacity-building of the people working in such facilities. In December 2005, the United Nations Environment Programme (UNEP) conducted an independent assessment of the environmental status of the disengaged Israeli settlements in Gaza. All 21 disengaged settlements in the Gaza Strip were covered, as well as the Erez industrial zone. Following the laboratory phase, the findings were released in March 2006. UNEP agreed with UNDP to provide training to Palestinians on ways to address the asbestos remaining in the rubble of the demolished houses in the disengaged settlements. UNEP also committed to provide the expertise needed to prepare a proposal, through UNDP, on

overall waste management throughout the Gaza Strip. Additional follow-up activities are being discussed.

B. Governance and institutional support

Direct budget support

37. A critical aspect of institutional support during the reporting period was the emergency financing of the Palestinian budget. Salary support was central, given the importance of public sector salaries for individual Palestinian livelihoods and the broader economy. The World Bank administered the multi-donor financial management-reform trust fund, which, as of February 2006, had disbursed over $293 million in budget support to the Palestinian Authority. The World Bank's own operations included a number of emergency services support projects, designed to mitigate the deterioration in service provision by covering municipal services, water sewage, environmental management electricity, education, non-governmental organizations, community support, land administration, tertiary education, and the Social Safety Net Reform Project. On average, the Bank has leveraged about $2.4 in donor funds for every $1 from its own resources.

Capacity-building

38. According to the Office of the United Nations Special Coordinator for the Middle East Peace Process, $15.8 million was invested by United Nations agencies in technical assistance and capacity-building activities directly benefiting the Palestinian Authority. The UNDP Transfer of Knowledge through Expatriate Nationals programme sent Palestinian experts to the Palestinian Authority, private sector and non-governmental organizations. The programme was utilized for capacity-building of the Prime Minister's Office and seven ministries. UNDP gave financial and technical support to the Palestinian Central Elections Commission and the Palestinian Legislative Council elections in January 2006. The United Nations Conference on Trade and Development (UNCTAD) continued to provide the Palestinian Authority and civil society with a range of technical assistance, advisory services and capacity-building projects, covering areas such as development strategies and economic management, trade policy, investment retention, public debt management and trade facilitation. The resource mobilization efforts of ILO ensured continued operation of the Palestinian Fund for Employment and Social Protection.

39. ESCWA organized a series of training courses for staff of the Palestine Standards Institution, relevant ministries and private sector entities in order to improve practices in the areas of standardization, technical regulation and inspection. Another ESCWA training course for the personnel of the Ministry of National Economy was held to enhance the Ministry's capacity in packaging practical development projects. ILO, in cooperation with the Palestinian Federation of Chambers of Commerce, Industry and Agriculture, organized a workshop on the importance of small and medium enterprises. Training workshops were held in the West Bank and Gaza covering the issues of child labour, social security, occupational safety and health, capacity-building of trade unions, employment policy and industrial relations. A technical advisory mission also reviewed the organization, role, scope, and function of the Ministry of Labour.

40. In November 2005, the United Nations Office on Drugs and Crime convened a meeting between law enforcement and drug control agencies from Israel and the Palestinian Authority, where the two sides discussed collaborative arrangements to review the situation regarding trafficking of drugs and related activities. In January 2006 the Office on Drugs and Crime launched a programme to provide technical assistance to the Palestinian Authority in order to prevent drug abuse, trafficking and other related crimes. Following the Israeli disengagement from Gaza, the UNCTAD project for modernizing customs enabled the Palestinian Authority to fully deploy sovereign customs operations at the Palestinian-Egyptian border at Rafah.

41. UNIFEM worked with the Ministry of Women's Affairs in drafting the chapter on gender equality in the Palestinian Millennium Development Goals report and common country assessment document. UNIFEM, in cooperation with UNDP, provided technical support to the Ministry of Telecommunications and Information Technology to develop the Palestinian information and communications technology sector through the mobilization of women graduates. In January 2006, ESCWA supported the Ministry of Women's Affairs by organizing a series of training workshops focusing on the Convention on the Elimination of All Forms of Discrimination against Women. Using the action plan developed by the Ministry of Local Governance, UNDP assisted in preparations for decentralization and assisted with the establishment of gender units in 15 line ministries.

42. On judicial and legislative reforms, UNICEF supported the Ministry of Justice, the Ministry of Social Affairs and specialized non-governmental organizations in reviewing the draft juvenile justice law. It also supported amendments to the 2005 Palestinian Child Law by initiating a broad-based consultation process. In addition, UNICEF launched a training programme on issues relating to the prevention of abuse in schools and supported the development of professional standards for psychosocial workers. OHCHR worked with the police academies in Jericho and Gaza to integrate human rights into the training curriculum and provided intensive training of trainer courses. The Director General of Palestinian Reform and Rehabilitation Centres agreed to similar programmes regarding training of trainers for prison personnel. Under an agreement with the Attorney General, training on human rights for prosecutors was initiated. UNDP continued the construction of courthouses and the building of the Ministry of Justice.

43. UNICEF also worked with the Ministry of Health to align health budgets towards priority interventions in line with the Millennium Development Goals and to streamline socially responsible budgeting. During the reporting period, UNICEF supported the unification and harmonization of health information systems in key areas such as maternal and child health, epidemiological surveillance, school health and immunization.

44. In other technical areas, the International Atomic Energy Agency (IAEA) assisted with agricultural pest control. The Ministry of Agriculture continued receiving technical support to control and monitor the Mediterranean fruit fly population in the Gaza Strip. IAEA also supported the Palestinian Authority's radiation protection service as well as scholarships to the regional post-graduate diploma courses on radiation protection and safety of radiation sources, held in Damascus.

Culture

45. UNESCO completed the Inventory of Palestinian cultural and natural heritage sites of potential outstanding universal value, presented during the 29th Session of the World Heritage Committee held in Durban, South Africa, in July 2005. The agency completed a comparative study on the cultural policies of the region. Maintenance and rehabilitation work on the Ramallah Archaeological Museum and other key sites were also initiated. Finally, UNESCO provided technical assistance to the Ministry of Culture in the preparation of proclaiming the traditional telling of folktales a "masterpiece of oral and intangible heritage of humanity".

Media

46. UNESCO provided technical and legal assistance to the Ministry of Information in drafting new media legislation. The agency also organized workshops on election reporting and coverage. A multimedia centre and a studio for children's programmes were established at the Palestinian Broadcasting Corporation and staff training was organized.

C. Development of the private sector

47. The UNRWA microfinance programme has invested over $100 million in the Palestinian economy over the past 15 years through more than 100,000 microenterprise loans. In 2005 it financed half of all loans provided by the microfinance sector to Palestinian microenterprise, through 17,700 loans valued at $16.69 million. Some 30 per cent of these were loans to women microentrepreneurs working in the informal sector of the economy. Earlier in 2005, UNRWA introduced a $1.50 million pilot project in Gaza to provide microfinance for housing.

48. ILO began developing a joint programme with the Young Entrepreneurs Palestine, a Palestinian non-governmental organization, and the Negev Institute for Strategies of Peace and Development to promote work through micro and small enterprise development. ILO programmes also fostered personal entrepreneurial competencies. The World Bank's policy support and technical analysis led to the Joint Palestinian-Israeli Investors' Declaration presented in London in December 2005. UNICEF supported a salt plant located in Jericho to increase the production and quality of iodized salt. Sustainability was ensured by successfully streamlining iodized salt into the local market in partnership with agencies such as WFP. UNCTAD worked with private sector counterparts to establish the Palestinian Shippers Council in order to enhance the capacity of exporters and importers to effectively deal with shipping and transport intermediaries. With funding from ILO, UNCTAD implemented entrepreneur training workshops for approximately 100 small- and medium-sized entrepreneurs. During 2005, ESCWA launched the follow-up and implementation phase of the Arab-International Forum on Rehabilitation and Development in the Occupied Palestinian Territory.

D. United Nations emergency assistance

49. Ongoing political uncertainty and economic hardship meant that a large proportion of United Nations assistance to the Occupied Palestinian Territory was directed towards emergency response. Operations were frequently affected by

restrictions on the movement of goods and personnel. As the political situation appeared to improve in the first months of 2005, the increasing attention of donors to medium-term assistance agendas resulted in a relative decline in support for emergency programmes. Political developments in the beginning of 2006, however, put funding for long-term development and support for Palestinian Authority capacity-building into question.

Emergency food and agriculture support

50. According to UNRWA, approximately 65 per cent of refugees in the Occupied Palestinian Territory received food support (75,000 families in the West Bank, and 135,000 in Gaza Strip). Restrictions on movement and declining donor support during 2005, however, required UNRWA to scale back its core provisions. In September 2005, WFP started its first Protracted Relief and Recovery Operation to provide direct food support to 480,000 non-refugee Palestinians, support livelihoods and prevent a decline in the nutritional status of the most food-insecure Palestinians. In 2005 WFP began addressing its humanitarian access problems in Gaza through purchasing 93 per cent of its food commodities locally. Between 1 April 2004 and 31 March 2005, WFP delivered over 70,000 metric tonnes of food aid, at a total expense of $35 million.

51. A FAO emergency project valued at $1 million provided agricultural inputs and equipment to vulnerable farmers, as well as numerous training courses for technicians and farmers on greenhouse construction and management and improved cultivation methods. UNDP financed the rehabilitation of destroyed agricultural assets in the northern Gaza Strip, the construction of greenhouses, cold storages, poultry and livestock farms and wells. In the West Bank, UNDP assisted in land reclamation and cultivation in several areas. UNDP and FAO together promoted several agricultural projects covering the West Bank and the Gaza Strip, and directly addressed critical situations such as the Barrier, land confiscation, destroyed crops, reduced rangeland, and the disengagement from Gaza.

Emergency employment support

52. The UNRWA job creation programme prioritized refugees with large families, supporting livelihoods with a remuneration of $10 to $12 per day per worker (an average of $2 per dependant per day). Employment programmes contributed to the repair of refugee camps infrastructure and the renovation of Agency facilities. In the Gaza Strip, over 24,000 people were temporarily employed, supporting over 186,000 dependants. In the West Bank, UNRWA also provided emergency direct employment to a total number of 4,500 refugees, benefiting 25,500 dependants. UNDP spent $28 million on emergency employment programmes. WFP provided food-for-work and food-for-training support for 39,700 workers from recently impoverished households, benefiting some 238,000 family members. ILO activities stimulated employment and income generation opportunities for 140 unemployed new graduates from the Palestinian industrial/vocational schools: 55 per cent of the graduates received permanent jobs.

Emergency health support

53. Continued closure within and between the territories severely challenged the Palestinian health system's ability to function at appropriate levels. The continuous closure of the Karni crossing also posed a risk for the availability of drugs. The referral system was hampered causing difficulties for patients from within the seam zone to enter the West Bank for medical attention in hospitals. Those difficulties were experienced by patients trying to access health facilities as well as by health professionals trying to reach their places of work. The procurement and delivery of cold chain equipments for needy clinics and districts was completed and 150 maternal and child health clinics were upgraded with medical equipment for implementing better quality child health and prenatal care by UNICEF. Some 50 clinics received equipment for health education and community awareness creation. Four new clinics in the former enclaves of Gaza and two new clinics in the West Bank were fully equipped for maternal and child health services.

54. UNRWA continued to run five mobile units as a continued response to restrictions on freedom of movement caused by closures and the building of the Barrier. A total of 136,000 patients were seen in 2005 at a cost of $2 million. In Gaza, during the Israeli disengagement, 8 medical teams were fully equipped, 60 volunteers were trained in first aid procedures and communities were mobilized on proper hygiene practices and the importance of breastfeeding. UNICEF also provided basic medical supplies, midwifery kits, family water kits, generators and other non-food items, and, in partnership with the Palestinian Red Crescent Society, ensured continuous delivery of health services in the enclaved areas, notably in the northern areas of the West Bank. Micronutrient supplements were procured and delivered to the central stores. Given the volatile situation emergency preparedness planning and the preposition of critical supplies for basic health continued. Besides routine services, an immunization campaign for measles, mumps and rubella for 600,000 children was planned in Gaza during the spring of 2006.

Emergency education support

55. UNICEF continued its emergency education assistance to the West Bank and the Gaza Strip. Approximately $940,000 worth of education equipment was provided to Palestinian Authority-administered schools during the disengagement in Gaza. Training courses were also organized for teachers. UNDP continued the construction and rehabilitation of schools and classrooms and sanitary facilities for schools as emergency humanitarian assistance. At the time of the present report, 26 schools were under construction. ILO spent $1.5 million towards the establishment of a vocational training centre for the disabled in Hebron, to be fully operational in the beginning of 2007.

Emergency infrastructure support

56. Israeli military incursions and house demolitions continued in 2005, causing damage or destruction to Palestinian property (homes, shelters, commercial) in 389 recorded incidents. Some 286 structures were demolished and 103 sustained damages. Of the total incidents 66 per cent occurred in the Gaza Strip, the damage notably caused by missiles, and 25 per cent occurred in Nablus. A total of 1,150 Palestinians were recorded displaced. Those numbers are conservative, however, since data on displaced people are often not available.

57. Emergency infrastructure programmes implemented by UNDP covered a wide range of public services and municipal utilities, community centres, schools, hospitals, clinics, roads, sanitation systems and water treatment facilities. Expenditure amounted to $49 million. UNDP also provided housing to non-refugee Palestinians in the Gaza Strip.

E. Coordination of United Nations assistance

58. The Office of the United Nations Special Coordinator for the Middle East Peace Process continued its coordination of United Nations assistance to the Palestinian people and its representation of the United Nations system at donor forums. In 2005, the Office participated in the review and redesign of the local coordination structures and under this framework, assumed new responsibilities as co-chair of the Social Development and Humanitarian Strategy group. It also participated in the December 2005 meeting of the Ad Hoc Liaison Committee on Assistance to the Palestinians, held in London. Locally, the Office convened regular coordination meetings of United Nations agencies and several extraordinary meetings on issues of special policy interest to the United Nations. Throughout the reporting period, the Office served as the focal point for coordination between the United Nations system and the office of the Quartet Special Envoy for Disengagement.

59. In the second half of 2005, the United Nations Office for the Coordination of Humanitarian Affairs led in the preparation of the 2006 consolidated appeals process, under which a total of over $215 million was requested to finance activities for 12 agencies and 9 non-governmental organizations. Prior to the appeal, the Office conducted a needs analysis, that focused on life-saving humanitarian needs such as improving availability of food, emergency employment of vulnerable households, enhancing access to health services and improving the awareness of the root causes of the humanitarian situation.

60. The Government of Japan, through the United Nations Trust Fund for Human Security, started funding a project supporting isolated and disenfranchised communities in the Occupied Palestinian Territory, with a budget of $5.3 million, to be implemented jointly by several United Nations agencies. The Office of the United Nations Special Coordinator for the Middle East Peace Process served as local focal point for the coordination of Trust Fund activities. UNIFEM began supporting training for field researchers involved in the coordination of humanitarian affairs on gender as a research tool, in order to ensure gender sensitization.

61. WHO and FAO chaired the United Nations Crisis Management Team for Avian Influenza that developed a United Nations staff contingency plan.

Humanitarian access

62. In 2005, ambulance operators reported a total of 162 access incidents in which the provision of first aid and/or medical evacuations was delayed, obstructed and/or prevented by Israeli security forces. Similarly in 2005, relief agencies filed reports of some 778 incidents in which the delivery of aid and/or the movement of personnel were obstructed by Israeli authorities. Access of humanitarian personnel via the Erez crossing remained problematic, and the planned completion of the

Barrier around Jerusalem raised the prospect of problems of access for over 400 United Nations staff in the long term.

United Nations media and public information activities

63. United Nations agencies continued to work closely with international and local media to draw attention to and provide information on the situation of the Palestinian people and United Nations responses in the region. The United Nations Advocacy and Public Information Committee coordinated by the United Nations Office for the Coordination of Humanitarian Affairs and the Office of the United Nations Special Coordinator for the Middle East Peace Process highlighted pressing humanitarian issues to the media and provided maps, reports and facts sheets before and during the disengagement period.

United Nations and the civil society dimension

64. ESCWA, in partnership with the Arab NGO Network for development, and the Palestinian NGO Network established the Arab-Palestinian Civil Society Organizations Coalition. A regional meeting was held with the participation of major Arab and Palestinian civil society entities and networks.

IV. Donor response to the crisis

A. Emergency budget and fiscal support

65. The Palestinian Authority's fiscal deficit widened substantially in 2005. Revenues increased by $278 million to reach over $1.2 billion in 2005, about 27.5 per cent of GDP, mostly reflecting increased indirect tax receipts — collected by the Government of Israel and transferred to the Palestinian Authority — resulting from higher oil prices, as well as exceptional profits transfers from Palestinian Authority-owned corporations and administrative improvements.

66. Expenditures also increased by $466 million to reach almost $2 billion, owing to large salary increases and a further rise in Palestinian Authority employment, to higher social transfers and increased operating expenditures. Net lending increased to over twice the budget allocation, to cover shortfalls in the recovery of higher costs by energy enterprises and municipalities.[8] Consequently, the budget deficit reached $762 million in 2005, or 17 per cent of GDP, compared to $574 million in 2004. Only $349 million in external budget support was received,[9] roughly half of what was foreseen in the budget. The resulting fiscal gap was financed mainly by advances from the Palestine Investment Fund and increased borrowing from domestic banks — often collateralized with assets of the Fund. The fiscal situation is expected to become even more precarious in 2006, particularly as donor assistance and the transfer of indirect tax revenue by the Government of Israel have become uncertain in the wake of the Palestinian Legislative Council elections.

B. Support for Palestinian reform

67. The Task Force on Palestinian Reform continued to monitor and support the Palestinian reform process in the areas of elections, financial accountability, the judicial sector and rule of law, legislation, market economy, local government and public administration. The Task Force worked with the Palestinian Authority Reform Coordination Support Unit to implement its donor supported one-year reform action plan until the end of 2005, when it was formally wound down and absorbed into a new donor coordination structure under the leadership of the European Commission.

68. Much progress was made with regard to electoral and financial reform, whereas judicial and legislative efforts fell short of expectations. A series of municipal elections and legislative elections were successfully held during the reporting period. Despite improvements with financial management, salaries in the education and security sectors increased and progress on retirements and personnel turnover stalled. As a result, a number of donors began revising their aid to the Palestinian Authority. Continued corruption, lack of will on the part of some politicians and external forces that included stringent Israeli security measures, all served to limit the functional authority of the Palestinian Authority and to stifle the growth and reform of public institutions.

69. While donors remained interested in preserving mechanisms for distributing humanitarian and emergency support, political and legal restrictions for providing institutional support prompted a donor-wide review following the legislative elections. As the new Palestinian Legislative Council took power, efforts were being made to identify certain institutions such as the Judiciary and Presidency in order to facilitate disbursements of donor funds that would be beyond the control of the new Palestinian legislature. The Office of the United Nations Special Coordinator for the Middle East Peace Process led the United Nations community efforts in that effort.

C. Donor coordination

70. Throughout 2005, the donor community, the Office of the United Nations Special Coordinator for the Middle East Peace Process and the Quartet Special Envoy for Disengagement worked closely to implement the recommendations of the London meeting of 1 March 2005. Local donor coordination structures were significantly revised in order to simplify the aid management process, strengthen the strategic quality of donor discussions, and secure closer involvement of the Palestinian Authority. Four strategy groups were created, to cover governance, economic policy, infrastructure and social development/humanitarian affairs. The future workplan of the groups, and related decisions about the allocation of aid, remained contingent upon the donor programme review initiated in February 2006.

V. Challenges ahead

71. The overall situation during the reporting period was characterized by uncertainty and failed expectations. It remains to be seen whether the parties will seek to overcome the obstacles that currently exist and explore the possibility of negotiations, or whether other approaches will come to dominate.

72. Despite an apparent stabilization of the economy and growth in private sector activities after 2003, all Palestinians did not benefit comprehensively or equitably. Looking ahead, the numbers of chronically poor are likely to increase, and public institutions to weaken, if major disruptions of aid flows take place. It is not yet clear if the Palestinian Authority will be able to pay the salaries of the approximately 152,000 Palestinians it employs, including 73,000 security personnel. Public sector employees now make up 37 per cent of all employed in Gaza and 14 per cent of all employed in the West Bank. Their spending power in local shops and services plays an increasingly important role in keeping the local economy afloat. An estimated 25 per cent of the total Palestinian population is dependent on a Palestinian Authority wage-earner.

73. The donor community is searching for ways to maintain vital support for the Palestinian people while, at the same time, pressing the Palestinian Authority to accede to the Quartet's three principles, namely a recognition of Israel's right to exist, a renunciation of violence, and the acknowledgement of previous international agreements. While donors remain committed to averting a new socio-economic crisis in the territory, Palestinian Authority institutions are facing a serious fiscal threat, and the prospect of a temporary international disengagement.

74. In operational terms, closures, security restrictions and continued challenges to United Nations privileges and immunities by the Government of Israel are likely to strain implementation of programmes. Agencies, with support from their headquarters, will need to adopt a more robust common approach to access.

VI. Observations

75. The period under review was one of rapid change in the Occupied Palestinian Territory. Disengagement from Gaza and parts of the West Bank, and the election of new governments in both Israel and the Occupied Palestinian Territory, have transformed the political terrain. Terrorism and violence continued, construction of the Barrier proceeded apace, and restrictions continued on the movement of Palestinians in the wake of the Palestinian legislative elections. Prospects of negotiations between the parties appeared to recede in the early months of 2006.

76. Significant financial support from the international community will be needed in order to avoid further degradations in the quality of life within the Occupied Palestinian Territory, a contraction in the Palestinian economy and an attendant increase in socio-economic and humanitarian needs of the Palestinian population, and to maintain a basis for long-term economic recovery. The Government of Israel, which stated in January 2006 that it would interrupt transfers of the Palestinian value-added taxes and customs taxes it collects on the behalf of the Palestinian Authority, is strongly encouraged to resume payments through an appropriate mechanism. The Palestinian Authority, for its part, should comply with the three conditions of the Quartet. This would also enable the international community to contribute more to the alleviation of the humanitarian and economic situation in the Occupied Palestinian Territory.

77. In that context, the assumption of a transition towards medium- and longer-term development planning, which had underpinned most international aid strategies in 2005, was set aside. Nonetheless, and despite significantly scaled-down planning

time frames, the United Nations system maintained its full commitment to assisting Palestinians, and worked closely with donors to maintain the continuity of its programmes and to preserve, to the extent possible, the essential social functions of the Palestinian Authority.

78. It will be critical in the months ahead that United Nations agencies be able to quickly and adequately address needs through established mechanisms such as the consolidated appeals process, while continuing to pursue the broader aim of the United Nations, the Quartet and the entire international community: the realization of a just, lasting and comprehensive peace in the Middle East, based on Security Council resolutions 242 (1967), 338 (1973), 1397 (2002) and 1515 (2003), and the establishment of a sovereign, democratic, viable and contiguous Palestinian State living side-by-side in peace with a secure Israel.

Notes

[1] See S/PRST/2006/6 of 3 February 2006.

[2] World Bank, "West Bank and Gaza Economic Update and Potential Outlook", 15 March 2006.

[3] World Food Programme Vulnerability Analysis and Mapping Branch, "Food insecurity in the West Bank and Gaza Strip 2005-2006".

[4] Graduate Institute for Development Studies (IUED), Public Perception Poll No. 9, as reported in *Palestinian Public Perceptions: Report IX*, October 2005.

[5] The Rafah crossing was closed for 91 days (25 per cent of the year) prior to December 2005 when management of the crossing was formally handed to the PA under the provisions of the Agreement on Movement and Access. This transfer was made possible by the deployment of European Union technical teams to the Rafah crossing on 18 December 2005.

[6] *Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory*. See A/ES-10/273 and Corr.1.

[7] ESCWA input was acknowledged by the Ministry of Planning in the Palestinian Medium-term Development Plan 2006-2008.

[8] This included the need to cover non-payment of utility bills by consumers, increased electricity generation by the Gaza power plant using relatively expensive fuel oil, and subsidies on petroleum product prices.

[9] Direct support came mainly from Arab donors, including Algeria, Kuwait and Saudi Arabia, and from the World Bank-administered public financial management reform trust fund.